

Message Text

UNCLASSIFIED

PAGE 01 QUITO 00412 211620Z
ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 MMO-04 USIA-15 /042 W
-----102508 211852Z /S0

R 211230Z JAN 78
FM AMEMBASSY QUITO
TO DEPARTMENT OF COMMERCE
SECSTATE WASHDC 7026
INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 0412

E.O. 11652: N/A
TAGS: BEXP, EC
SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR ECUADOR - PRELIMINARY CONTRI-
BUTION FOR FY 1980

REF: STATE 002688

1. FOLLOWING IS POST'S ESTIMATE AS TO APPROPRIATE AREAS OF
CONCENTRATION AND THEIR PRIORITY RANKING FOR FY 1980 COUNTRY
COMMERCIAL PROGRAM (CCP) FOR ECUADOR.

2. PRIORITY 1 - MAJOR PROJECT OPPORTUNITIES.

WE EXPECT CONSIDERABLE PUBLIC EXPENDITURE DURING THIS PERIOD
ON A WIDE VARIETY OF INFRASTRUCTURE AND INDUSTRIAL PROJECTS.
SINCE A GOOD DEAL DEPENDS ON THE ORIENTATION OF THE COMING
NEW GOVERNMENT, IT IS A BIT EARLY TO PINPOINT EXACTLY WHAT
THESE PROJECTS WILL BE. IT IS LIKELY, HOWEVER, THAT THERE
WILL BE CONSIDERABLE ACTIVITY IN MULTI-PURPOSE AGRICULTURAL
DEVELOPMENT PROJECT AND BASIC INDUSTRIES SUCH AS CEMENT
PRODUCTION.

THE OUTLOOK FOR U.S. CONSTRUCTION ENGINEERING COMPANIES
COULD IMPROVE MARKEDLY IF THE GOE ACCEPTS THE STRONG
RECOMMENDATION OF THE LOCAL CHAMBER OF CONSTRUCTION
THAT FINANCING OF PROJECTS BE SETTLED SEPARATELY, BEFORE
A CALL FOR BIDS IS ISSUED. IN MANY CASES, TECHNICALLY
COMPETENT U.S. FIRMS HAVE LOST OUT ON BID PACKAGES

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 QUITO 00412 211620Z

BECAUSE THEY HAVE NOT BEEN ABLE TO COMPETE WITH THE
CONCESSIONARY FINANCING TERMS OFFERED BY SOME GOVERN-
MENTS FOR COUNTRY'S FIRMS.

THE MISSION WILL CONTINUE TO SUBJECT ALERT REPORTS ON
INDIVIDUAL MAJOR PROJECTS AS THEY DEVELOP AS WELL AS
SUBMIT SEMI-ANNUAL VOLUNTARY, COMPREHENSIVE MAJOR

PROJECT OPPORTUNITIES REPORT.

3. PRIORITY 2 - PRODUCT CAMPAIGN METALWORKING MACHINERY AND EQUIPMENT.

NOW THAT THE ANDEAN GROUP AUTOMOTIVE INDUSTRY PROGRAM IS BACK ON THE TRACKS, WE EXPECT THE GOE TO MOVE RAPIDLY TO IMPLEMENT ITS VEHICLE PRODUCTION ASSIGNMENTS. WE DO NOT EXPECT ACTUAL TOOLING UP OF NEW AUTO PARTS AND ACCESSORY INDUSTRIES TO BEGIN UNTIL FY 1980, HOWEVER. AT THAT TIME WE BELIEVE THE DEMAND FOR EQUIPMENT WILL BE VERY GREAT, LARGELY BECAUSE THE CURRENT INDUSTRIAL BASE IS QUITE LOW.

4. PRIORITY 3 - PRODUCT CAMPAIGN CONSTRUCTION MACHINERY AND EQUIPMENT.

WE EXPECT CONSTRUCTION, BOTH INFRASTRUCTURE AND HOUSING, TO CONTINUE TO BE VERY ACTIVE THROUGH FY 1980. THE LOCAL SHORTAGE OF CEMENT, A CONSIDERABLE RESTRAINING FACTOR CURRENTLY, SHOULD BE AMELIORATED SOMEWHAT BY THEN. ECUADOREAN CONSTRUCTION COMPANIES HAVE DEMONSTRATED CONSIDERABLE INTEREST IN IMPROVING AND DIVERSIFYING THEIR TECHNIQUES AND EQUIPMENT, AND U.S. EQUIPMENT HAS CONSIDERABLE ATTRACTION.

5. PRIORITY 4 - PRODUCT CAMPAIGN AGRICULTURAL MACHINERY AND EQUIPMENT.

AS ECUADOR FINDS ITSELF WITH A DIMINISHING SUPPLY OF PETROLEUM LEFT FOR EXPORT AFTER DOMESTIC CONSUMPTION, THE GOE IS LIKELY TO FOCUS MORE SERIOUSLY ON AGRICULTURAL UNCLASSIFIED

UNCLASSIFIED

PAGE 03 QUITO 00412 211620Z

DEVELOPMENT. THE AIM OF THIS WILL BE NOT ONLY TO MAXIMIZE EARNINGS FROM EXPORT AGRICULTURE BUT ALSO TO LESSEN THE DRAIN ON FOREIGN EXCHANGE CAUSED BY THE NEED TO IMPORT FOODSTUFFS. SHOULD THE NEW GOVERNMENT CLARIFY AND RATIONALIZE ITS LAND REFORM AND PRICE SUPPORT POLICIES, PRIVATE INVESTMENT IN AGRICULTURE CAN BE EXPECTED TO INCREASE GREATLY DURING THIS PERIOD AND WELL.

6. PRIORITY 5 - SPECIAL POST EFFORT - MAJOR PRODUCT OPPORTUNITIES.

ECUADOR'S HEALTHY RATE OF OVERALL ECONOMIC GROWTH IS EXPECTED TO CONTINUE THROUGH FY 1980. THIS WILL CONTINUE TO GENERATE VERY LARGE, ONE-TIME PURCHASES OF EQUIPMENT. THE MISSION INTENDS TO PUT CONSIDERABLE EMPHASIS ON CULTIVATING CONTACTS IN THOSE GOE AGENCIES AND SEMI-AUTONOMOUS ENTITIES, SUCH AS THE COMISION DE VALORES, THAT DESIGN THE PROJECTS. WE BELIEVE THAT IN FY 1980 THERE COULD BE CONSIDERABLE DEMAND FOR TRANSPORTATION EQUIPMENT, MILITARY EQUIPMENT AND INDUSTRIAL PLANTS (ESPECIALLY IN THE FOOD-PROCESSING AREA.)

7. PRIORITY 6 - SPECIAL POST EFFORTS - FOREIGN BUYERS PROGRAM.

THE MISSION EXPECTS TO HAVE INCREASING SUCCESS IN

PUTTING TOGETHER FOREIGN BUYERS GROUPS TO TRAVEL TO TRADE SHOWS IN THE U.S. THIS IS NOT ONLY AN EFFECTIVE TOOL FOR THE PROMOTION OF IMMEDIATE EXPORT SALES BUT ALSO AN OPPORTUNITY TO BROADEN OUR CONTACTS IN THE LOCAL BUSINESS COMMUNITY AND IN THE PROCESS LEARN MORE ABOUT THE SPECIAL NEEDS OF THE LOCAL MARKET.

8. PRIORITY 7 - SPECIAL POST EFFORTS -SUPPORTING IOGA TRADE MISSIONS.

ECUADOR IS BECOMING AN INCREASINGLY ATTRACTIVE STOP FOR INDUSTRY ORGANIZED, GOVERNMENT APPROVED (IOGA) TRADE MISSIONS. DESPITE THE FACT THAT THESE NON-CCP ACTIVITIES HAVE BEEN MAKING AN INCREASING CLAIM ON OUR RESOURCES, WE FEEL THEY ARE WORTHWHILE AND THAT THEY SHOULD BE INTEGRATED AS MUCH AS POSSIBLE INTO THE CCP.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 QUITO 00412 211620Z

9. PRIORITY 8 - SPECIAL POST EFFORTS -UPDATING OF FOREIGN TRADERS INDEX.

WE BELIEVE THAT MORE OF THE MISSION'S RESOURCES SHOULD BE APPLIED TO MAINTAINING THE FOREIGN TRADERS INDEX AS A USEFUL TOOL FOR BOTH DIRECT U.S. BUSINESS END-USERS IN THEIR INDIVIDUAL MARKETING EFFORTS AND FOR THE MISSION IN PROMOTING IN-COUNTRY PROMOTIONAL EVENTS AND FOREIGN BUYERS GROUPS. BY FY 1980 WE SHOULD BE IN A POSITION WHERE GRADUAL (RATHER THAN WHOLESALE) UPDATING IS ALL THAT IS NEEDED TO KEEP THE FTI CURRENT.

10. PRIORITY 9 - SPECIAL POST EFFORT PROMOTION OF THE AID REIMBURSABLE ASSISTANCE PROGRAM.

THIS IS A POTENTIALLY VALUABLE TOOL FOR THE INDIRECT PROMOTION OF U.S. GOODS AND SERVICES. BY FY 1980 THE PROBLEMS THAT HAVE IN THE PAST BEEN ASSOCIATED WITH THE LOCAL MARKETABILITY OF THE PROGRAM SHOULD BE IRONED OUT. THE U.S. EXPERTISE AND TECHNOLOGY IMPARTED THROUGH THE SUCCESSFUL OPERATION OF THIS PROGRAM SHOULD ENHANCE THE LOCAL IMAGE OF U.S. PRIVATE TECHNOLOGY AND HARDWARE.

11. WE BELIEVE THIS IS THE BASIS OF A CCP THAT IS NOT ONLY APPROPRIATE TO FORESEEABLE COUNTRY CONDITIONS IN FY 1980, BUT ALSO CONSISTENT WITH THE PERSONNEL RESOURCES WE ARE LED TO BELIEVE BY THE REFTEL WE WILL HAVE AT THAT TIME, I.E., NO CHANGE FROM THE CURRENT LEVEL. THERE ARE OTHER PRODUCT CAMPAIGNS THAT WE BELIEVE WOULD BE WORTHWHILE CARRYING-OUT, IN THE AREAS OF FOOD PROCESSING AND PACKAGING AND PLASTICS AND SIMPLE PETRO-CHEMICAL INDUSTRIES FOR EXAMPLE. BUT TAKING INTO CONSIDERATION THE INEXORABLE INCREASE IN OUR REACTIVE WORKLOAD, WE DO NOT BELIEVE IT IS REALISTIC TO SCHEDULE THESE ADDITIONAL CAMPAIGNS.

12. SINCE THIS PRELIMINARY FY 1980 CCP SUBMISSION DID NOT BENEFIT FROM THE REVIEW OF GUAYAQUIL E/C OFFICER
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 QUITO 00412 211620Z

ROJAS, WE MAY WANT TO SUBMIT APPROPRIATE REVISIONS UPON
HIS RETURN FROM HOME LEAVE.
BLOOMFIELD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978QUITO00412
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780033-0216
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780137/aaaabews.tel
Line Count: 178
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9b0c25e1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 2688
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3734868
Secure: OPEN
Status: NATIVE
Subject: COUNTRY COMMERCIAL PROGRAM FOR ECUADOR - PRELIMINARY CONTRI- BUTION FOR FY 1980
TAGS: BEXP, EC
To: COM STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9b0c25e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014